

Message Text

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PAGE 01 JIDDA 03240 080914Z

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R 080815Z MAY 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 1149

UNCLAS JIDDA 3240

E.O. 11652: N/A

TAGS: BGEN

SUBJECT: COMMERCE ANTI-RECESSION EXPORT CAMPAIGN

REF: STATE A-2778

1. WE FEEL THAT THE BEST HOPE, ON A COST-EFFECTIVE BASIS FOR INCREASING THE RATE OF GROWTH OF U.S. EXPORTS TO SAUDI ARABIA IS FOR MAJOR INCREASES IN SUBSCRIBERS TO THE TOP PROGRAM. COMMERCE MUST EXPAND RESPONSES TO THE TARGETS-OF- OPPORTUNITY REPORTED UNDER THAT PROGRAM. IN PARTICULAR, THIS MEANS A MAJOR EMPHASIS ON CONSTRUCTION PROGRAMS - RESIDENTIAL AND INDUSTRIAL.

2. SEVERAL FACTORS LIMIT SAUDI ARABIA' ABILITY TO ABSORB ADDITIONAL U.S. EXPORTS IN THE CONSUMER GOODS AREA. BUSINESS ACTIVITY IN THE KINGDOM IS, AT PRESENT, HECTIC TO SAY THE LEAST. BOTH MAJOR PORTS (JIDDA AND DAMMAM) ARE EXPERIENCING TURNAROUND DELAYS OF OVER 30 DAYS. IN THE SHORT MEDIUM RUN THIS FACTOR ALONE WILL DRASTICALLY LIMIT THE ABILITY OF U.S. FIRMS TO SIGNIFICANTLY EXPAND EXPORTS MORE RAPIDLY THAN THE PRESENT RATE OF ACCELERATION. CONSUMER GOODS FACE A THIN MARKET, IN ANY CASE, AND THE LOP-SIDED DISTRIBUTION OF WEALTH REDUCES THE ACTUAL MARKET BASE. ALTHOUGH THE MARKET IS EXPANDING RAPIDLY, IN ABSOLUTE TERMS IT REMAINS SMALL. IMPORTERS ARE ALREADY FAIRLY WELL ORGANIZED, AND U.S. EXPORTERS ARE WELL REPRESENTED.

3. ONE MAJOR EFFORT WHICH COMMERCE SHOULD MAKE, AND UNCLASSIFIED

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WHICH COULD HAVE MAJOR BENEFITS, WOULD BE TO ATTEMPT TO

CONVINCE U.S. FIRMS TO SELECT THE REPRESENTATIVES THEY
SEND TO SAUDI ARABIA VERY CAREFULLY. THE HARD SELL DOES
NOT WORK HERE.
AKINS

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